

Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet



Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Linda Breathitt
Commissioner

July 11, 2014

PSC STAFF OPINION 2014-009A

Mr. Michael L. Miller
President and CEO
Nolin Rural Electric Cooperative Corporation
411 Ring Road
Elizabethtown, KY 42701-6767

RE: Nolin Rural Electric Cooperative Corporation 2014-2017 Construction Work Plan

Dear Mr. Miller:

On June 26, 2014, Commission Staff issued PSC Staff Opinion 2014-009 regarding Nolin Rural Electric Cooperative Corporation's ("Nolin") 2014-2017 Construction Work Plan ("CWP") wherein Commission Staff determined that each of the projects contained in Nolin's 2014-2017 CWP did not require a Certificate of Public Convenience and Necessity ("CPCN") except for the Self-Healing Communication project. Based on the information provided at that time, Staff was unable to conclude whether the Self-Healing Communication project fell within the "ordinary course of business" exemption from the CPCN requirement and requested Nolin provide additional information concerning that project.

On July 2, 2014, Nolin submitted additional information on the Self-Healing Communication project, which is an expansion of Nolin's existing SCADA system. Nolin also provided a breakdown of the estimated total project cost of \$687,560, and requested an opinion that this project also be exempt from the CPCN requirements as satisfying the "ordinary course of business" exemption. Staff has reviewed the information and is of the opinion that the Self-Healing Communication project falls within

Mr. Michael L. Miller, President and CEO
Nolin Rural Electric Cooperative Corporation
July 11, 2014
Page 2 of 2

the "ordinary course of business" exemption and does not need a CPCN. The project would not materially impact Nolin's existing financial condition,¹ will not have an immediate impact on Nolin's rates, and will not result in wasteful duplication of facilities or conflict with the service of other utilities.

This letter represents Commission Staff's interpretation of the law as applied to the facts presented. This Opinion is advisory in nature and not binding on the Commission should the issues herein be formally presented for Commission resolution. Questions concerning this Opinion should be directed to Quang D. Nguyen at (502) 782-2586.

Sincerely,



Jeff Derouen
Executive Director

¹ As noted in PSC Staff Opinion 2014-009, Nolin has a net utility plant of approximately \$64,626,424 as of December 13, 2013.